

## SECTION 52 -- INFORMATION ON FINANCIAL MANAGEMENT

### Table of Contents

- 52.1 What are the general reporting requirements?
- 52.2 What other reporting requirements does this fulfill?
- 52.3 Who must report financial management information and when is it due?
- 52.4 What materials are required in the budget justification and why?
- 52.5 What is the report on resources for financial management activities (exhibit 52) and why must I submit it?
- 52.6 What are the line descriptions and coding for exhibit 52?
- 52.7 How do I check my exhibit 52 data for consistency?
- 52.8 How do I submit exhibit 52 and when is it due?

Ex-52 Report on Resources for Financial Management Activities

### Summary of Changes

Emphasizes that agency proposals must be coordinated with the capital asset and IT planning process (section 52.4).

Requires agencies to discuss grants management in the budget justification materials (section 52.4).

Consolidates agency reporting of audit costs into one total (section 52.6).

Requires agencies to use an electronic spreadsheet to report exhibit 52 data; the MAX special application is no longer available (section 52.8).

### 52.1 What are the general reporting requirements?

You are required to provide two reports on financial management:

- Financial management budget justification materials (including agency financial management plans); and
- Report on resources for financial management activities (exhibit 52).

### 52.2 What other reporting requirements does this fulfill?

For the 24 agencies covered by the CFO Act, the materials required in this section fulfill the Act's requirement (i.e., each agency CFO must prepare a plan to implement the Government-wide financial management 5-year plan).

The Federal Financial Management Improvement Act of 1996 (FFMIA) mandates that agencies implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the Standard General Ledger at the transaction level. When your agency head determines that your agency's financial management systems do not comply, FFMIA requires you that you submit to OMB in your budget justification materials a remediation plan to bring the agency's financial management systems into substantial compliance. The plan described in this section fulfills this requirement. The CFO Act requires OMB to include information about remediation plans in the annual report to the Congress.

The financial system information you provide fulfills the requirement in OMB Circular No. A-127 (i.e., agencies prepare an annual plan for financial systems) and the FFMIA requirement (i.e., a remediation plan). Verify that this information is consistent with the resource management plans required by Circular No. A-130 that you submitted to OMB.

### **52.3 Who must report financial management information and when is it due?**

All CFO agencies must submit the materials prescribed by section 52.4 by December 15, 2000. You should check with your OMB representative to determine whether these materials will need to be revised after the new Administration is in place, by the deadlines that OMB will provide later. Section 205 of the Chief Financial Officers Act of 1990 states that the Chief Financial Officer (CFO) of an agency is responsible for preparing and revising the agency's financial management plan and developing the agency's financial management budget.

Non-CFO agencies must include a brief summary of their financial management plans in their initial budget submission to ensure adequate control of their resources.

### **52.4 What materials are required in the budget justification and why?**

Your budget justifications should include results-oriented information on financial management operations and improvement initiatives in the context of the agency's mission and programs. This discussion should include plans for financial management throughout your agency and should represent an integrated discussion of financial management planning and associated resources. (Selected information on financial management resources for agencies covered by the Chief Financial Officers (CFOs) Act of 1990 is required by sections 52.5 and 53).

The content of your budget justification should be consistent with the Government-wide strategies and initiatives discussed in the most recent Federal Financial Management Report issued jointly by OMB and the CFO Council and other agency plans such as GPRA performance plans, business plans, information technology plans, and/or capital asset plans. Consistent with the CFO Council's proposal to streamline reporting, agencies may wish to discuss with their OMB representatives how to integrate financial management planning and performance information into their budget justifications.

Provide the following information in your budget justification materials:

- (1) *Goals and strategies.* Briefly discuss how you will achieve the goals and strategies for implementing Government-wide financial management improvements that are associated with the 2000 Federal Financial Management Report. Include plans to achieve substantial compliance with the FFMIA. Your discussion should focus on the goals and strategies that you determine to be

priorities and should include examples of ongoing and proposed initiatives. Include sufficient, not detailed, information on the status of financial management activities to provide a context for your plans and resources request. A detailed status should be included in agency accountability reports and/or GPRA performance reports.

(2) *Audited financial statements.* All CFO Act agencies must briefly discuss any impediments to the submission of unqualified and timely annual audited financial statements and plans to overcome the impediments.

(3) *Financial systems structure.* Present an overview of your current and targeted financial management systems structure and plans for moving to your targeted systems structure. The scope of the financial systems discussion should cover, at a minimum:

- Core financial management systems, as described in the JFMIP Core Financial Management Systems Requirements Document; and
- Financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control (see section 53.2).

The financial systems discussion should include the following information:

- A brief description of baseline financial and mixed systems, including a narrative assessment of major problems with current systems (e.g., audit findings which indicate substantial non-compliance with the FFMIA or other material problems). Agencies should also prepare an updated financial systems inventory of the systems described above. (Instructions and due dates for updating the financial systems inventory data will be distributed to Deputy CFOs through a separate memorandum.) This inventory should be consistent with systems included in the information technology exhibit (exhibit 53).
- A brief description of the target structure for financial and mixed systems, including a discussion of the agency's financial management systems strategy.
- A synopsis of critical projects that you are currently undertaking or planning to accomplish the target structure above. If your agency is not in compliance with the FFMIA, remediation activities planned and underway should be prominently identified as such. You must include, either in this synopsis or by referencing other documents or budget exhibits, the resources, remedies, interim target dates, and officials responsible for bringing your systems into substantial compliance with the FFMIA. The target date for systems compliance must be within three years of the date from which your system was determined not in substantial compliance.

(4) *Grants management.* Present a discussion of how your agency ensures policy consistency across grant programs. This should include not only implementation of OMB Circulars and other governmentwide requirements but also how program-specific requirements (e.g. application forms, financial reports, and award conditions) are reviewed to ensure consistent treatment of grantees. Also provide a discussion of how your agency works to coordinate these policies with other agencies that administer grant programs.

**52.5 What is the report on resources for financial management activities (exhibit 52) and why must I submit it?**

Each agency covered by the CFOs Act must report budget authority and full-time equivalent (FTE) employment data for CY and BY for each of the following categories of financial management activities:

- Asset management;
- Accounting and reporting;
- Audits of financial statements; and
- Financial management systems.

In addition, in-house and contract data are required on the audits of financial statements. Resources for both the CFO organization and other agency components that are involved in financial management activities should be included, but without separate identification. This report is necessary for the oversight and review of agency resources devoted to these activities. The information also assists OMB in preparing the Government-wide five-year financial management plan, as required by the CFOs Act. This information is reviewed and discussed in connection with other agencies financial management submissions.

**52.6 What are the line descriptions and coding for exhibit 52?**

Report budget authority in millions of dollars and FTE employment data for the entries described below. Resource estimates for financial management systems should be consistent with information technology data submitted in exhibit 53 and capital asset plans provided in Exhibit 300B. Resource information not based on other requirements of this Circular or on other easily-identifiable information should represent the agency's best estimate of salaries, contracts, or other major expenses to be reported. Allocation of overhead expenses is not required.

**REPORT ON RESOURCES FOR FINANCIAL MANAGEMENT ACTIVITIES**

Entry		Description
Line coding		Use the first three digits of the line number to identify the financial management activities to be reported (e.g., asset management); and the fourth digit to distinguish FTE (e.g., 1001) from budget authority (e.g., 1002) data.
100x	Asset management	Include resources for administrative expenses for credit programs consistent with the levels reported for credit program accounts under credit reform (i.e., amounts requested as a separate appropriation for administrative expenses in credit program accounts); resources devoted to debt collection for non-credit receivables; resources devoted to cash management; and resources devoted to property and inventory management and control.

**SECTION 52 -- INFORMATION ON FINANCIAL MANAGEMENT**

<b>Entry</b>		<b>Description</b>
200x	Accounting and reporting	Include resources for processing, recording, and reporting of revenues, receipts, appropriations, apportionments, allotments, obligations, outlays, expenditures, assets, liabilities, and other financial transactions; reconciliation of asset and liability accounts, such as accounts or loans receivable, with subsidiary records and with external data, such as Treasury cash records; funds control; and preparation of financial statements.
300x	Audits of financial statements	Include resources for performing audits of financial statements, with separate identification for contract and in-house costs, as detailed in exhibit 52. Do not include resources for preparation of financial statements.
400x	Financial management systems	Include resources for financial management systems, which consist of financial systems and financial portions of mixed systems necessary to support financial management. (See definitions of financial management systems in section 53.2.) Data reported should be consistent with information reported as the estimated percentage of total system BA associated with financial components in exhibit 53.
500x	Subtotal	The sum of corresponding amounts reported on lines 100x through 400x.
600x	Adjustments (-)	Include adjustments to eliminate doublecounting (a minus entry). For example, costs for a loan system reported under the "asset management " category may also be reported under the "financial management systems" category. A list of the adjustments should be prepared, reviewed by the agency CFO, and provided as hard copy to OMB when requested.
700x	Total, net	Equals the total of corresponding amounts on lines 500x and 600x.
8102	Audits of financial statements, contract costs	Include resources for contracts to perform audits of financial statements. <i>Report budget authority only.</i>
820x	Audits of financial statements, in-house costs	Include resources to perform audits of financial statements in-house.
940x	Total, all reporting entities	For total FTE (line 9401), report line 8201. This total must be equal to line 3001. For total budget authority (line 9402), report the sum of lines 8102 and 8202. This total must equal line 3002.
9998	Agency contact	Include the name of the individual responsible for answering questions about the information provided.
9999	Telephone number	Include telephone number of agency contact.

### **52.7 How do I check my exhibit 52 data for consistency?**

Verify that your data meets the following error and consistency checks:

- Amounts reported for financial management systems on line 4002 must be consistent with the percentage of budget authority for financial management components reported in exhibit 53.
- If any adjustments are reported on lines 6001-6002, a hard copy list should describe the adjustments made and available to OMB upon request.
- Do not include preparation costs on lines 8102-9402.
- Lines 9401 and 9402 should equal the corresponding entries reported for lines 3001 and 3002.

### **52.8 How do I submit exhibit 52 and when is it due?**

Exhibit 52 is collected separate from, and in advance of, data entered for other MAX schedules supporting the Budget Appendix (e.g., schedules P, O, etc.). Your exhibit 52 should be reviewed by your agency CFO before submission to OMB. E-mail this information using the spreadsheet provided at [www.cio.gov/docs/Documents.htm](http://www.cio.gov/docs/Documents.htm). This spreadsheet is formatted to meet all the reporting requirements of exhibit 52. Send the completed spreadsheet to [exhibit52@omb.eop.gov](mailto:exhibit52@omb.eop.gov). Before sending the completed spreadsheet, verify that the subject line has the three-digit OMB agency code (see Appendix C) and the full agency name.

Submit exhibit 52 electronically via e-mail no later than December 15th. You will be required to update the data, as necessary, to reflect final budget decisions after those decisions are made (see section 27.3).

### Report on Resources for Financial Management Activities

Department of Government (in millions of dollars)		CY	BY
<b>Asset Management</b>			
1001	No. of FTE.....	40	40
1002	Budget Authority.....	2,480	2,600
<b>Accounting and Reporting</b>			
2001	No. of FTE.....	250	250
2002	Budget Authority.....	15,500	16,120
<b>Audits of Financial Statements</b>			
3001	No. of FTE.....	35	35
3002	Budget Authority.....	2,250	2,290
<b>Financial Management Systems</b>			
4001	No. of FTE.....	728	731
4002	Budget Authority.....	87,016	96,456
<b>Subtotal</b>			
5001	No. of FTE.....	1,053	1,056
5002	Budget Authority.....	107,246	117,466
<b>Adjustments</b>			
6001	No. of FTE.....	-20	-30
6002	Budget Authority.....	-1,000	-1,800
<b>Total, Net</b>			
7001	No. of FTE.....	1,033	1,026
7002	Budget Authority.....	106,246	115,666
<b>Audits of Financial Statements</b>			
<b>Contacts</b>			
8102	Budget Authority.....	1,250	1,250
<b>In-house costs</b>			
8201	No. of FTE.....	35	35
8202	Budget Authority.....	1,000	1,040
<b>Total, all reporting entities</b>			
9401	No. of FTE.....	35	35
9402	Budget Authority.....	2,250	2,290
9998	Agency Contact.....	R.W. Rogers	
9999	Telephone Number.....	(202) 696-4712	

Amounts reported for financial management systems on line 4002 must be consistent with the percentage of BA for financial management systems in exhibit 53.

If any adjustments are reported on lines 6001-6002, a list describing them should be prepared in hard copy.

Do not include preparation costs on lines 8102-8202.

Total, all reporting entities, should equal the corresponding entries for audits of financial statements reported on lines 3001-3002.